

2016 Legislation Affecting the Insurance Department

HEA 1136 Insurance Matters

PL 72-2016; Effective 7/1/2016

- Adopts amendments to the NAIC model insurance holding company system act
- Allows for the group-wide supervision of internationally active insurance groups
- Adds penalties and fines for violation of Holding Company Act requirements
- Adopts amendments to the NAIC annual financial reporting model law
- Allows commercial motor vehicle policies to include named driver exclusions
- Defines "small employer" for purposes of health insurance plans that are not grandfathered under federal law
- Requires health coverage independent review organizations to provide notice of an expedited determination within 72 hours after the grievance or review is filed, rather than 24 hours after the determination is made
- Requires independent review organizations to notify aggrieved insureds within 72 hours of the filing of an expedited appeal, rather than within 24 hours of when the determination is made
- Specifies that closing agents have 20 business days after the date of closing or the date of disbursement, whichever is later, to enter required information into the RREAL IN database
- Amends the definition of "good funds" to include a check deposited and held in the escrow account of the closing agent for at least 14 days before the closing
- Allows the Commissioner to suspend a nonresident producer license if the home state license is not effective in good standing
- Allows the Commissioner to suspend a nonresident public adjuster license if the home state license is not effective in good standing
- Provides that the Estate of a troubled insurance company may pursue insurance that would have been available but for the negligent actions of the officers and directors
- Provides for the property and casualty insurance guaranty association to obtain reimbursement for certain payments in connection with large deductible workers' compensation policies

Code Citations Affected: IC 27-1-3.5-12.3; IC 27-1-13-17; IC 27-1-15.6-8; IC 27-1-23; IC 27-1-27-5; IC 27-7-3-15.5; IC 27-7-3.7-4; IC 27-8-15-14; IC 27-8-29-15; IC 27-9-3-3; IC 27-9-3-9; IC 27-13-10.1-4

New IC 27-6-8-19

2016 Legislation Affecting the Insurance Department

SEA 336 Mine Subsidence

PL101-2016; Effective 1/1/2017

- Removes the requirement that mine subsidence be caused by the collapse of inactive coal mines abandoned before August 3, 1977
- Removes the exclusion of public buildings from the definition of structure
- Requires mine subsidence coverage to include coverage of up to \$15,000 for additional living expenses unless waived by the insured

Code Citations Affected: IC 27-7-9

SEA 30 Accident and Sickness Insurance Claim Denials

PL 18-2016; Effective 7/1/2016

- Requires the IDOI to develop, post, and maintain on the department's Internet web site information concerning internal and external grievances for accident and sickness insurance policies and health maintenance organization contracts
- Provides for certain grievance related notice to be provided by an insurer upon request
- Requires the Commissioner to compile and analyze accident and sickness complaints received by the IDOI concerning denial of coverage for experimental, investigational, or not medically necessary treatment and report a pattern of complaints to the legislative council

Code Citations Affected: IC 27-1-3-33; IC 27-8-28-13; IC 27-8-28-19; IC 27-13-8-2; IC 27-13-10-4

SEA 41 Pharmacy Benefits

PL 19-2016; Effective 7/1/2016

- Requires insurers and HMOs to make available a procedure for a covered individual's use in requesting a step therapy protocol exception with respect to coverage for certain prescription drugs, including time frames for a determination concerning an exception and reasons for granting an exception

Code Citations Affected: IC 5-10-8-17

New IC 27-8-5-30; IC 27-8-5-31; IC 27-13-7-23; IC 27-13-38-7

HEA 1347 Mental Health Matters

PL 87-2016; Effective 7/1/2016

- Requires the IDOI in consultation with FSSA to review, study, and make recommendations concerning the capacity, training, and barriers to health navigators in assisting individuals in obtaining health insurance program coverage
- Requires the IDOI to report findings to the interim study committee on public health, behavioral health, and human services before September 30, 2016

Code Citations Affected: IC 27-19-4-4.5

2016 Legislation Affecting the Insurance Department

SEA 40 Motor Vehicle Responsibility

PL 124-2016; Effective 7/1/2017

- Increases the motor vehicle financial responsibility requirements for property damage liability to \$25,000

Code Citations Affected: IC 9-25-2-3; IC 9-25-4-5; IC 9-25-4-10

PLEASE NOTE: Many companies have asked the Department of Insurance whether the provisions of PL 124-2016 apply only to policies issued on or after the effective date of July 1, 2017. The Department has had discussions with the Bureau of Motor Vehicles, and the provisions apply to anyone operating a motor vehicle on or after July 1, 2017, regardless of when the operator's policy renews. How the company implements the new law is a company decision; however, the Department reminds all companies of their duty of good faith toward insureds.